

Message Text

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ORIGIN EB-07

INFO OCT-01 EUR-12 ISO-00 CAB-05 CIAE-00 COME-00 DODE-00

DOT-00 INR-07 NSAE-00 CIEP-02 FAA-00 SS-15 NSC-05

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APPROVED BY EB/AN:JBMAGNOR

CAB - E. WILBUR

EUR/CAN - D. BLAKEMORE

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FM SECSTATE WASHDC

TO AMEMBASSY OTTAWA IMMEDIATE

UNCLAS STATE 229644

E.O. 11652: N/A

TAGS: EAIR, CA

SUBJECT: CIVAIR: NOTICE OF U.S. DISSATISFACTION WITH CP
AIR FARES

REF: RIMAS/MAXWELL TELCON SEPTEMBER 16, 1976

1. TO CONFIRM REFTELCON, EMBASSY IS REQUESTED TO DELIVER
TO EXTAFF BY COB SEPTEMBER 16 NOTE EXPRESSING DISSATIS-
FACTION WITH CP AIR TARIFFS TO ESTABLISH THROUGH FAMILY/
YOUTH STANDBY FARES BETWEEN VARIOUS INTERIOR CANADIAN
POINTS AND HONOLULU. TEXT ALONG LINES PARA 2 SUGGESTED:

2. "...AND HAS THE HONOR TO REFER TO THE FAMILY/YOUTH
STANDBY FARES, BETWEEN VARIOUS CANADIAN POINTS AND HONOLULU,
FILED BY CP AIR ON AUGUST 27, 1976 FOR IMPLEMENTATION ON
OCTOBER 1, 1976. THE PROPOSED FARES ARE DESCRIBED IN THE
LOCAL PASSANGER FARES TARIFF NO. EF-1, C.A.B. NO. 258,
7TH REVISED PAGE 76 AND 11TH REVISED PAGES 77 AND 78.

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THE TARIFF IS ISSUED BY AIRLINE TARIFF PUBLISHERS

COMPANY AGENT.

"THE EMBASSY OF THE UNITED STATES WISHES TO INFORM THE
MINISTRY OF EXTERNAL AFFAIRS THAT PURSUANT TO ARTICLE
XIII, PARAGRAPH (E) OF THE AIR TRANSPORT AGREEMENT

BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND
THE GOVERNMENT OF CANADA, THE UNITED STATES GOVERNMENT
WISHES TO EXPRESS ITS DISSATISFACTION WITH THE PROPOSED
FARES.

"(COMPLIMENTARY CLOSE.)"

3. THE DISSATISFACTION IS BASED ON THE GROUNDS THAT
PROPOSED FARES ARE UNJUSTLY DISCRIMINATORY AND UNECONO-
MIC WHEN TESTED AGAINST CRITERIA ADOPTED BY CAB IN PHASE
5 OF THE DOMESTIC PASSENGER FARES INVESTIGATION, (DPFI),
DOCKET 21866-5. IN THAT PROCEEDING IT WAS ESTABLISHED
THAT DEVELOPMENTAL BENEFITS WHICH COULD BE ASCRIBED
TO YOUTH AND FAMILY FARES WERE TOO INSUBSTANTIAL TO
WARRANT THEIR INHERENT DISCRIMINATION. IT WAS ALSO
FOUND THAT SUCH FARES DO NOT RESULT IN SIGNIFICANT
SAVINGS IN UNIT COSTS AS ADDITIONAL EQUIPMENT AND
SCHEDULES ARE ADDED TO ACCOMMODATE DISCOUNT TRAFFIC AND
THAT THE FARES, IN GENERAL, ARE DIVERSIONARY AND BURDEN-
SOME TO THE REGULAR-FARE PASSENGER. CP AIR CURRENTLY
OFFERS WEEKEND AND MIDWEEK ECONOMY CLASS FARES BETWEEN
CANADIAN POINTS AND HONOLULU AND A VARIETY OF DISCOUNT
FARES IN CALGARY/EDMONTON/VANCOUVER/WINNIPEG-HONOLULU
MARKETS. CONSEQUENTLY, WE WOULD EXPECT THAT GENERATIVE
EFFECT OF YOUTH AND FAMILY FARES WOULD BE SIGNIFICANTLY
LESS THAN EXPECTED BY CP AIR. WE ARE NOT PERSUADED
THAT TRAFFIC STIMULUS CANNOT BE ACHIEVED THROUGH
USE OF DISCOUNT FARES CURRENTLY AVAILABLE TO GENERAL
PUBLIC. FINALLY, U.S. COURTS AND CAB HAVE HELD THAT
PROMOTIONAL CONSIDERATIONS ALONE CANNOT SUSTAIN LEGALITY
OF OTHERWISE UNJUSTLY DISCRIMINATORY FARES, AND CP AIR'S
PROPOSAL FAILS ON THIS COUNT. HABIB

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